

RENOUNCEABLE AND NON-UNDERWRITTEN RIGHTS ISSUE OF S\$50,402,608 IN AGGREGATE PRINCIPAL AMOUNT OF 7.5 PER CENT. CONVERTIBLE BONDS IN THE DENOMINATION OF S\$1.00 EACH AND INTEGRAL MULTIPLES THEREOF, ON THE BASIS OF SIX (6) CONVERTIBLE BONDS FOR EVERY 100 EXISTING SHARES HELD BY ENTITLED SHAREHOLDERS AS AT THE RECORD DATE, FRACTIONAL ENTITLEMENTS TO BE DISREGARDED

Prior to making a decision to subscribe for the Convertible Bonds, you should carefully consider all the information contained in the Offer Information Statement dated 9 July 2020 (the “OIS”). This Product Highlights Sheet should be read in conjunction with the OIS. You will be subject to various risks and uncertainties, including the potential loss of your entire principal amount invested. You should consider whether an investment in the Convertible Bonds is suitable for you, taking into account your investment objectives and risk appetite. If you are in doubt as to investing in the Convertible Bonds, you should consult your legal, financial, tax or other professional adviser.

Unless otherwise defined herein or the context otherwise requires, all capitalised terms used in this Product Highlights Sheet shall bear the same meanings ascribed to them in the OIS.

This Product Highlights Sheet is an important document.

- It highlights the key information and risks relating to the offer of the Convertible Bonds contained in the OIS. It complements the OIS¹.
- You should **not** subscribe for the Convertible Bonds if you do not understand the nature of an investment in convertible securities or our business or are not comfortable with the accompanying risks.
- If you wish to subscribe for the Convertible Bonds, you will need to make an application in the manner set out in the OIS.

Issuer	Banyan Tree Holdings Limited (the “Company”)	Place of incorporation	Singapore
Issue Price and denomination of the Convertible Bonds	100 per cent. of the principal amount of the Convertible Bonds, being S\$1.00 for each Convertible Bond (the “Issue Price”). The Convertible Bonds will be issued in registered form in specified denominations of S\$1.00 each and integral multiples thereof.	Total amount to be raised in the Rights Issue	• Gross proceeds from the issue of the Convertible Bonds: S\$50,402,608, based on the Issue Size. • Net proceeds from the issue of the Convertible Bonds: Approximately S\$49.4 million (assuming gross proceeds of S\$50,402,608).

¹ The OIS (together with this Product Highlights Sheet), lodged with the Monetary Authority of Singapore on 9 July 2020, is available on SGXNET at <https://www.sgx.com/securities/company-announcements> and the Company’s corporate website at <http://investor.banyantree.com/OIS2020.html>.

Description of the Convertible Bonds	S\$50,402,608 in aggregate principal amount of 7.5 per cent. Convertible Bonds payable semi-annually in arrear on 6 February and 6 August in each year, commencing 6 February 2021. The Convertible Bonds are expected to be issued on 6 August 2020 (the “Issue Date”) and mature 2 years from the Issue Date (the “Maturity Date”). Please refer to the section titled “Key Features – Key Features of the Convertible Bonds” below for more information on the Convertible Bonds.	Listing status of Issuer, the Convertible Bonds and the Conversion Shares	• Company Primary Listing on the Main Board of SGX-ST. • Convertible Bonds Expected to be listed on the Main Board of SGX-ST on and from 11 August 2020. Trading will be in board lots of S\$100 in principal amount of the Convertible Bonds, with each board lot of Convertible Bonds comprising 100 Convertible Bonds. Investors who wish to trade in lot sizes other than this may do so in the Unit Share Market of SGX-ST during the provisional allotment trading period. The listing of the Convertible Bonds on the Main Board of SGX-ST is subject to there being a sufficient spread of holdings of the Convertible Bonds to provide for an orderly market in the trading of the Convertible Bonds. • Conversion Shares SGX-ST has granted approval in-principle for the listing and quotation of the Conversion Shares on the Main Board of SGX-ST.
Sole Manager for the Rights Issue	Maybank Kim Eng Securities Pte. Ltd.	Underwriter	The Rights Issue is not underwritten in view of the Irrevocable Undertakings.
Credit rating of Issuer/ the Convertible Bonds and Credit Rating Agencies	The Convertible Bonds and the Company are not rated by any credit rating agency. That means that no independent assessment by a credit rating agency of the default risk of the Company and the Convertible Bonds has been made.	Trustee/Bond Registrar/Agents	• Trustee: Madison Pacific Pte. Limited • Principal Paying, Conversion and Transfer Agent (“Principal Agent”) and Bond Registrar: Madison Pacific Agency and Services Pte. Ltd.

INVESTMENT SUITABILITY

WHO IS THE INVESTMENT SUITABLE FOR?

The Convertible Bonds are only suitable for you if you:

- are comfortable investing in hybrid securities that combine the features of both debt and equity and as such are prepared to accept risks higher than those normally associated with plain vanilla bonds;
- are prepared to rank lower in priority compared to secured creditors in an insolvency situation; and
- are prepared to lose a substantial amount of your principal investment if you sell your Convertible Bonds in a secondary market at a discount or if you sell your Conversion Shares at a price lower than the Conversion Price.

There are further risks associated with an investment in the Convertible Bonds. Please refer to the section titled “Risk Factors” of the OIS and in particular, the sub-section titled “Risks Relating to an Investment in the Nil-Paid Rights, the Convertible Bonds and/or the Shares” on pages 47 to 57 of the OIS for a summary of the risks relating to an investment in the Convertible Bonds. The considerations and risks referred to above are not exhaustive.

KEY FEATURES

BACKGROUND INFORMATION ON THE COMPANY

WHO ARE YOU INVESTING IN?

Our Company was incorporated in Singapore on 11 April 2000.

Our Group is an international operator and developer of luxury resorts, hotels, spas and residences and boasts an industry track record dating from 1994. We also manage and/or have ownership interests in niche resorts and hotels. These resorts and hotels are located in 14 countries, namely China, Cuba, India, Indonesia, Laos, Malaysia, Maldives, Mauritius, Mexico, Morocco, Seychelles, South Korea, Thailand, and Vietnam. We offer our customers a multi-faceted travel and leisure experience which we deliver through our 47 resorts and hotels, 64 spas, 72 galleries (where our Banyan Tree and Angsana branded products are sold) and three golf courses as at 31 December 2019.

We generate revenue from three core business segments: the Hotel Investments segment, the Residences and Extended Stay segment, and the Fee-based segment. Under the Hotel Investments segment, we own and manage hotels under our Banyan Tree, Angsana, Cassia and Dhawa brands. The Residences and Extended Stay segment comprises sales of Hotel Residences, Laguna Residences and Extended Stay and Development Projects/Sites. The Fee-based segment comprises hotel management, club management and fund management, spa and gallery operations and design and other services. As at 31 December 2019, we manage (but do not hold equity interests in) 28 resorts and hotels, of which 25 are under the Banyan Tree and Angsana brands.

We also operate an integrated resort in Laguna Phuket, Thailand and a city hotel, Banyan Tree Bangkok, Thailand through our subsidiary, LRH. Within Laguna Phuket, as at 31 December 2019, we manage five resorts, four spas, six galleries, an 18-hole golf course and resort residence developments available for sale. Primarily as a result of our ownership interest in LRH, Hotel Investments is our largest business segment. Elsewhere in Asia, we also operate two other integrated resorts, namely Laguna Bintan in Indonesia and Laguna Lăng Cô in Central Vietnam.

We have introduced concepts that we believe have become signature features for many of our hotels and resorts, such as the tropical garden spa and pool villa. We also operate the Banyan Tree Spa Academy, where spa therapists receive theoretical and practical training. In addition, our Banyan Tree Gallery complements our resorts, hotels and spas, and provides a platform for artisans' heritage and crafts.

Our integrated business model comprises a hotel management division, an in-house design and project management division, and a global marketing team. These in-house capabilities enable us to preserve brand integrity, create innovative product offerings with quicker time to market and maintain the quality of the resorts, hotels, spas and galleries we manage and the services we offer.

Our Controlling Shareholders are Mr. Ho KwonPing, Ms. Claire Chiang and Qatar Investment Authority. As at the Latest Practicable Date, Mr. Ho KwonPing has a deemed interest in approximately 35.94% of the Shares, Ms. Claire Chiang has a deemed interest in approximately 34.92% of the Shares and Qatar Investment Authority has a deemed interest in approximately 24.51% of the Shares.

Refer to paragraph 8(b) of the section titled "Part 4 – Key Information" on pages 85 to 95 of the OIS for more information on our Group's business.

Refer to paragraph 1 of the section titled "Part 2 – Identity of Directors, Advisers and Agents" on page 76 of the OIS for more information on our Directors and paragraph 8(e) of the section titled "Part 4 – Key Information" on pages 99 to 100 of the OIS for more information on our Controlling Shareholders.

KEY FEATURES OF THE CONVERTIBLE BONDS

WHAT ARE YOU INVESTING IN?

We are offering S\$50,402,608 in aggregate principal amount of Convertible Bonds to Entitled Shareholders. The Issue Price is 100 per cent. of the principal amount of the Convertible Bonds, being S\$1.00 for each Convertible Bond.

The Convertible Bonds shall bear interest at the rate of 7.5 per cent. per annum on the outstanding principal amount of the Convertible Bonds from (and including) the Issue Date. Interest is payable semi-annually in arrear.

The Convertible Bonds are convertible into new Shares ("**Conversion Shares**") at your option, at any time on and after the date falling 41 days after the Issue Date up to the close of business on a date ten days prior to the Maturity Date (but, except as provided in Condition 6(A)(iv), in no event thereafter) or if such Convertible Bond shall have been called for redemption before the Maturity Date, then up to the close of business on a date no later than ten days prior to the date fixed for redemption thereof (but, except as provided in Condition 6(A)(iv), in no event thereafter) but excluding the Closed Periods (as defined in Condition 2(E)) at the conversion price of S\$0.25 per Conversion Share ("**Conversion Price**"), subject to adjustments in the manner provided in Condition 6(C) or under the circumstances provided in Condition 8(C).

For more information on the Convertible Bonds, please refer to:

- the section titled "Summary of the Rights Issue and the Convertible Bonds" on pages 17 to 26 of the OIS; and
- Appendix A – "Terms and Conditions of the Convertible Bonds" on pages A-1 to A-41 of the OIS.

Following the occurrence of a Change of Control Event (as described in the Terms and Conditions), each Bondholder will have the right, at such holder's option, to exercise such holder's Conversion Right at a Conversion Price determined in accordance with the specified formula (set out on page A-31 of Appendix A titled "Terms and Conditions of the Convertible Bonds – Conversion upon Change of Control" of the OIS) to convert the Convertible Bonds into Conversion Shares.

The Conversion Price is subject to adjustment under certain circumstances, including, without limitation, the following: (a) consolidation, subdivision or reclassification in relation to the Shares which alters the number of Shares in issue; (b) capitalisation of profits or reserves; (c) capital distribution; (d) rights issues of Shares or options over Shares at less than the market price; (e) rights issues of other securities; (f) issues of Shares or options over Shares at less than the market price; (g) issues of securities which carry rights of conversion into, or exchange or subscription for, Shares at a consideration at less than the market price; (h) modifications of rights of conversion, exchange or subscription attaching to any other securities issued and which are convertible into Shares such that the consideration per Share is less than the market price; (i) issues of securities in the context of an offer to Shareholders; and (j) if the Company determines that an adjustment should be made or should not be made or that the effective date for the relevant adjustments should be another date, the use by the Company of a leading independent investment bank of international repute (acting as expert) to determine if the adjustment is fair and reasonable, so as to restore the economic position of the Bondholders after the occurrence of such events or circumstances, to the same position as if the diluting of such events or circumstances had not occurred.

The Convertible Bonds will constitute direct, unconditional, unsubordinated and (subject to Condition 4 of the Terms and Conditions) unsecured obligations of the Company. The Convertible Bonds shall at all times rank *pari passu* and rateably without any preference or priority among themselves, and shall (subject to Condition 4 of the Terms and Conditions) rank *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Company from time to time outstanding.

Unless previously redeemed, converted or purchased and cancelled as provided in the Terms and Conditions, the Company will redeem each Convertible Bond at 100 per cent. of its principal amount, together with unpaid accrued interest thereon, on the Maturity Date.

We may redeem all of the Convertible Bonds upon the occurrence of certain taxation events set out on pages A-30 to A-31 of Appendix A titled "Terms and Conditions of the Convertible Bonds – Redemption for Taxation Reasons" of the OIS.

Bondholders may require the Company to redeem in whole but not in part their Convertible Bonds at 120 per cent. of their principal amount, together with any interest accrued up to (but excluding) the date of redemption in the event that a Change of Control Event arises.

Bondholders may require the Company to redeem in whole but not in part their Convertible Bonds at 120 per cent. of their principal amount, together with any interest accrued up to (but excluding) the date of redemption in the event that the Shares cease to be listed or admitted to trading on SGX-ST or if applicable, an Alternative Stock Exchange (as defined in the Terms and Conditions), or are suspended from trading on SGX-ST or if applicable, an Alternative Stock Exchange for a period of more than 30 consecutive Trading Days (as defined in the Terms and Conditions).

If an Event of Default (as defined in the Trust Deed) has occurred, the Trustee at its discretion may, and if so requested by holders of at least 25 per cent. in principal amount of the Convertible Bonds then outstanding or if so directed by an Extraordinary Resolution (as defined in the Trust Deed) (subject in each case to being indemnified, secured and/or pre-funded to its satisfaction) shall give notice to the Company that the Convertible Bonds are immediately due and payable at 100 per cent. of their principal amount plus unpaid accrued interest (and without prejudice to the right of the Bondholders to exercise the Conversion Right in respect of their Convertible Bonds in accordance with Condition 6 of the Terms and Conditions).

We have only one class of shares, and the Conversion Shares will have the same rights as our other existing issued and paid-up Shares, including voting rights. Bondholders will be entitled to all rights attached to their Conversion Shares in proportion to their shareholding, such as any cash dividends declared by the Company and any distribution of assets upon liquidation of the Company. Except as provided in the section titled "Offering, Selling and Transfer Restrictions" in the OIS, there are no restrictions on the transferability of the Shares.

KEY FINANCIAL INFORMATION

Key profit and loss information

	Group		
	FY2017	FY2018	FY2019
Revenue (S\$'000)	317,511	329,046	346,954
Profit before taxation (S\$'000)	22,659	24,969	13,956
Profit after taxation (S\$'000)	14,857	14,393	2,529
Profit attributable to owners of the Company (S\$'000)	12,929	13,471	651
Before the Right Issue			
Basic EPS (cents) ⁽¹⁾	1.67	1.60	0.08
Diluted EPS (cents) ⁽²⁾	1.56	1.52	0.08
After the Rights Issue but before the conversion of any Convertible Bonds into Conversion Shares⁽³⁾			
Basic EPS (cents)	1.61	1.54	0.02
Diluted EPS (cents)	1.21	1.19	0.01
After the Rights Issue assuming conversion of all the Convertible Bonds into Conversion Shares⁽³⁾			
Basic EPS (cents)	1.33	1.29	0.06
Diluted EPS (cents)	1.26	1.24	0.06

Notes:

- (1) Basic EPS is calculated by dividing profit after taxation for the year that is attributable to owners of the Company by the weighted average number of Shares outstanding during the financial year.
- (2) Diluted EPS is calculated by dividing profit after taxation for the year that is attributable to owners of the Company by the weighted average number of Shares outstanding during the financial year plus the weighted average number of Shares that would be issued on the conversion of all the dilutive potential Shares into Shares.
- (3) For illustrative purposes, EPS has been calculated on the assumption that (a) the Rights Issue was completed and S\$50,402,608 in aggregate principal amount of Convertible Bonds were issued on 1 January 2017, 2018 or 2019, as the case may be; (b) 201,610,432 Conversion Shares are allotted and issued upon conversion of all the Convertible Bonds; (c) the Conversion Price will be S\$0.25 with no adjustment; (d) the Net Proceeds from the issue of the Convertible Bonds will be approximately S\$49.4 million, after deducting estimated expenses incurred in connection with the Rights Issue of approximately S\$1.0 million; (e) there is no return earned from the Net Proceeds and no payment of interest on the Convertible Bonds; and (f) convertible bond liability is computed assuming no fair value adjustments relating to the Convertible Bonds, redemption option and conversion option. The calculation of EPS does not take into account any theoretical ex-rights adjustment factor.

Key balance sheet information

	Group As at 31 December 2019
Total assets (S\$'000)	1,743,869
Total liabilities (S\$'000)	996,456
Net assets attributable to owners of the Company before the Rights Issue (S\$'000)	674,235
Net assets attributable to owners of the Company after the Rights Issue but before the conversion of any Convertible Bonds into Conversion Shares (S\$'000) ⁽¹⁾	673,735
Net assets attributable to owners of the Company after the Rights Issue and the issue of the Conversion Shares (S\$'000) ⁽¹⁾	723,638
NAV per Share before the Rights Issue (S\$) ⁽²⁾	0.803
NAV per Share after the Rights Issue and the issue of the Conversion Shares (S\$) ⁽¹⁾	0.695

Notes:

- (1) Calculated on the assumption that (a) the Rights Issue was completed and S\$50,402,608 in aggregate principal amount of Convertible Bonds were issued on 31 December 2019; (b) 201,610,432 Conversion Shares are allotted and issued upon conversion of all the Convertible Bonds; (c) the Conversion Price will be S\$0.25 with no adjustment; (d) the Net Proceeds from the issue of the Convertible Bonds will be approximately S\$49.4 million, after deducting estimated expenses incurred in connection with the Rights Issue of approximately S\$1.0 million; (e) there is no return earned from the Net Proceeds and no payment of interest on the Convertible Bonds; and (f) convertible bond liability is computed assuming no fair value adjustments relating to the Convertible Bonds, redemption option and conversion option. Does not take into account any theoretical ex-rights adjustment factor.
- (2) Based on the number of Shares issued and outstanding as at 31 December 2019, and excludes 1,570,000 Shares that were held in treasury as at 31 December 2019.

Refer to paragraphs 1 to 7 of the section titled "Part 5 – Operating and Financial Review and Prospects" on pages 103 to 111, as well as Appendices E, F and G of the OIS for more information on our financial performance, financial position and cash flows.

Key cash flows information

(S\$'000)	Group FY2019 (Audited)
Net cash flows generated from operating activities	512
Net cash flows used in investing activities	(50,725)
Net cash flows used in financing activities	(27,227)
Net decrease in cash and cash equivalents	(77,440)
Cash and cash equivalents at beginning of the financial year	206,181
Cash and cash equivalents at end of the financial year	130,802

The most significant factors contributing to our financial performance in FY2019 compared to FY2018 are as follows:

- Revenue increased by 5% to S\$347.0 million mainly due to higher revenue from the Residences and Extended Stay segment (formerly the Property Sales segment), partially offset by lower revenue from the Hotel Investments and Fee-based segments.
- Operating Profit decreased by 32% to S\$56.2 million largely due to lower other income and Operating Profit from the Hotel Investments segment. This was partially offset by higher Operating Profit from the Residences and Extended Stay and Fee-based segments.

The most significant factors contributing to our financial performance in FY2018 compared to FY2017 are as follows:

- Revenue increased by 4% to S\$329.0 million mainly due to higher revenue from the Residences and Extended Stay segment, partially offset by lower revenue from the Hotel Investments and Fee-based segments.
- Operating Profit increased by 11% to S\$83.1 million largely due to higher revenue from the Residences and Extended Stay segment and lower operating cost and expenses. These were partially offset by a decrease in other income as FY2017 recorded a higher gain from the divestment of our China entities.

The above factors are not the only factors contributing to our financial performance in FY2017, FY2018 and FY2019. Please refer to paragraph 4 of the section titled “Part 5 – Operating and Financial Review and Prospects” for the other factors set out on pages 105 to 109 of the OIS. Please also refer to the section titled “Trading Update” set out on page 27 of the OIS.

BUSINESS STRATEGIES AND FUTURE PLANS

Our principal strategic objective is to build upon our Banyan Tree, Angsana, Cassia and Dhawa brands, to create a diversified group of niche resorts, hotels and serviced apartments in strategic locations throughout the world. Complemented by our resort/hotel residences, property sales, and spa and gallery operations, we seek to achieve strong profitability and operating margins as well as maintain a strong balance sheet position through the following strategies in the medium to long term:

- focus on growing our business through fee-based operations;
- increase property sales income from developing our land bank (held via LRH) in Phuket;
- strengthen and leverage brand equity across diversified portfolio offerings;
- leverage and upgrade key competencies for growth;
- rebalance asset portfolio to unlock the value of our mature assets to create greater value from other markets;
- plan for China;
- fund developments through private equity and strategic partnerships with like-minded business partners;
- invest in branded primary homes; and
- capitalise on growing middle class.

For more information, refer to paragraph 8(b) of the section titled “Part 4 – Key Information – Business Strategies and Future Plans” on pages 85 to 95 of the OIS.

TRENDS, UNCERTAINTIES, DEMANDS, COMMITMENTS OR EVENTS REASONABLY LIKELY TO HAVE A MATERIAL EFFECT

Since January 2020, the COVID-19 pandemic has caused substantial disruption in international economies and markets, which has intensified in recent months. Government travel advisories, lockdowns, corporate travel restrictions and airline travel cancellations have affected and continue to affect the global economy and the aviation and hotel industries have been hit particularly hard.

The worsening environment for the hotel industry amid the COVID-19 pandemic has affected demand at our hotels and we are experiencing cancellations, as well as a decline in forward bookings and transient business. These cancellations and reduced bookings are part of an industry-wide trend and are likely to continue in the near term in response to government travel advisories, lockdowns, increased corporate travel restrictions and significant flight cancellations.

The COVID-19 pandemic is ongoing and the actual extent of the outbreak and its impact on the global economy remains uncertain. It is unclear when we will be able to resume normal business operations given the uncertainties in respect of the duration of border controls and travel and movement restrictions and the longer-term effects of the COVID-19 pandemic on our business.

We are still assessing the impact of the COVID-19 pandemic on the operating results and financial position of our Group for FY2020. However, we expect to show an operating loss for FY2020. We will continue to monitor the evolving situation and will make the appropriate announcement(s) as and when there are material developments on this matter.

The above are not the only trends, uncertainties, demands, commitments or events that could affect us. Please refer to the other factors set out in the sections titled “Risk Factors” and “Trading Update” on pages 30 to 57 and page 27 of the OIS, respectively.

For more information, refer to paragraph 10 of the section titled “Part 5 – Operating and Financial Review and Prospects – Trend Information and Profit Forecast or Profit Estimate” on pages 112 to 115 of the OIS.

USE OF PROCEEDS FROM THE RIGHTS ISSUE

Based on the Issue Size and assuming that the Convertible Bonds are fully subscribed, the gross proceeds from the issue of the Convertible Bonds will be S\$50,402,608. The Net Proceeds (being the gross proceeds less the estimated professional fees and related expenses incurred in connection with the Rights Issue of approximately S\$1.0 million) are estimated to be approximately S\$49.4 million.

We intend to use approximately: (a) 30.4% of the Net Proceeds for general working capital and operations of our Group; and (b) 69.6% of the Net Proceeds to repay existing bank borrowings and interest costs of our Group. Pending the deployment of the Net Proceeds, the Net Proceeds may be deposited with banks and/or financial institutions, invested in short-term money markets or debt instruments and/or used for other purposes on a short-term basis as the Directors may, in their absolute discretion, deem fit in the interest of the Company.

For more information, refer to paragraphs 2 to 6 of the section titled “Part 4 – Key Information – Use of Proceeds from Offer and Expenses Incurred” on pages 81 to 84 of the OIS.

KEY RISKS

Investing in the Convertible Bonds involves substantial risks. Set out below are some of the key risks of investing in the Convertible Bonds. This list is not exhaustive, and does not represent all the risks associated with, and considerations relevant to, the Convertible Bonds or your decision to subscribe for the Convertible Bonds. The value of the Convertible Bonds and the Shares may rise or fall. These risk factors may cause you to lose some or all of your investment.

Refer to the section titled “Risk Factors” on pages 30 to 57 of the OIS for more information on risk factors.

The Group's operations may be adversely affected by the outbreak of infectious diseases, including in particular the ongoing COVID-19 pandemic, or other serious public health concerns and natural disasters

The outbreak of infectious diseases, such as SARS, H5N1 avian flu, Influenza A (H1N1), MERS, Ebola, Zika and most recently, COVID-19, and the occurrence of natural disasters, such as floods, earthquakes, sandstorms, snowstorms, wildfires, droughts and haze, whether in countries or regions where the Group operates or elsewhere, which are beyond the Group's control, may have a material adverse effect on the economy, business conditions and the travel and hospitality industries in those countries, regions or globally and, in turn, the Group's operations and prospects. In particular, the COVID-19 pandemic has caused substantial disruption in international economies and markets, which has intensified in recent months. Government travel advisories, lockdowns, corporate travel restrictions and airline travel cancellations have affected and continue to affect the global economy and the aviation and hotel industries have been hit particularly hard. The worsening environment for the travel and hospitality industries amid the COVID-19 pandemic has affected demand at the Group's hotels and resorts and the Group is experiencing cancellations, as well as a decline in forward bookings and transient business. These cancellations and reduced bookings are part of an industry-wide trend which is likely to continue in the near term in response to government travel advisories, lockdowns, increased corporate travel restrictions and significant flight cancellations. While the occupancy rate at the Group's hotels and resorts has and may continue to decline due to the COVID-19 pandemic, operating the Group's hospitality assets involves significant fixed costs that have not and may not decrease significantly even with reduced occupancy rates, thereby materially and adversely affecting the Group's liquidity and earnings. As a result of the foregoing, the Group's operating results and financial position have been and may continue to be materially adversely affected. See the section titled "Trading Update" as well as paragraph 10 of Part 5 (Operating and Financial Review and Prospects) of the section titled "Disclosure Requirements under the Sixteenth Schedule of the SFR" of the OIS for a further discussion of the impact of the COVID-19 pandemic on the business and financial prospects of the Group.

The Group may face difficulty in raising financing, in particular in light of the COVID-19 pandemic, and its cash flow position may be materially and adversely affected as a result

The Group's business and financial position could be negatively impacted by inadequate liquidity. Should any of the Group's existing credit or borrowing facilities be cancelled, reduced or otherwise not be made available to the Group, the Group's liquidity and cash flow position may be materially and adversely affected. The Group may need to undertake further fund raising after the Rights Issue to mitigate liquidity and cash flow issues arising from the COVID-19 pandemic, meet financial covenants in connection with its borrowings or for other reasons. In particular, given the worsening operating environment in the hospitality industry as a result of the COVID-19 pandemic, it has become very difficult for hospitality groups to tap the debt markets. While the Group intends to continue to explore traditional funding channels, the opportunities are limited in light of the volatile global economic climate and general deterioration in the capital markets as a result of the COVID-19 pandemic, and there is no assurance that the Group will be able to raise financing through such funding channels on acceptable terms, or at all.

The Group may not be able to successfully develop new resorts, hotels, spas or residences, or enter into new management agreements for resorts, hotels and spas

The Group is developing, and intends to develop new resorts, hotels, spas and residences in the future. The Group also intends to enter into new management agreements with the owners of resorts, hotels and spas for the management of such assets in the future.

As a result of the COVID-19 pandemic, the Group's financial position and cash flows have been adversely affected and opportunities for fundraising are limited. Correspondingly, the Group's ability to expand its business and operations and pursue new growth opportunities, such as developing resorts, hotels, spas and residences have been, and may continue to be, significantly curtailed.

In addition, these resorts, hotels, spas and residences may be situated in new locations where the Group has limited operating experience, and could present operating, management, marketing, financial and legal challenges different from those that the Group currently encounters in its existing locations.

The Group's ability to expand its business and operations and pursue new growth opportunities successfully will also depend on many factors, such as its ability to:

- identify suitable acquisition and expansion opportunities;
- negotiate purchases of vacant land and/or existing hotel or resort properties as well as the construction or refurbishment of resorts, hotels, resort residences and serviced residences, and the management of resorts, hotels and spas, on satisfactory terms;
- obtain the necessary financing on competitive terms;
- obtain the requisite regulatory and/or governmental approvals; and
- integrate new properties into its existing operations.

There can be no assurance that the Group will succeed in implementing its strategy of expanding into new geographic markets to become more accessible to its key customer segments. If the Group is unsuccessful in doing so, it may be unable to expand its operations, enter into new management agreements and/or increase its revenues and profits.

The Group's results of operations are dependent on the conditions of the hospitality and leisure industry and the state of the property market in the countries in which it operates, especially Thailand

The number of guests at the Group's resorts and hotels is affected, to a large extent, by the conditions of the hospitality and leisure industry in the countries in which it operates. Any condition that adversely affects the hospitality and leisure industry in Asia Pacific, or Thailand specifically, such as acts of terrorism, the outbreak of a pandemic, adverse weather conditions and natural disasters, new visa requirements or seasonal factors, may cause a drop in average occupancy levels and/or average room rates at its resorts, hotels and spas.

The Group's property sales are affected by demand and supply factors in relation to the property market in Asia Pacific and, in particular, Thailand. A prolonged depression of the property market in these areas could have a material adverse effect on the Group's property sales revenues. Such conditions would have a material adverse effect on the Group's business, financial condition, profitability and results of operations.

LEGAL, REGULATORY AND ENFORCEMENT RISKS

The Convertible Bonds are not secured

The Convertible Bonds constitute direct, unconditional, unsubordinated and (subject to Condition 4 of the Terms and Conditions) unsecured obligations of the Company. The Convertible Bonds shall at all times rank *pari passu* and rateably without any preference or priority among themselves, and shall (subject to Condition 4 of the Terms and Conditions) rank *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Company from time to time outstanding. On a winding-up or dissolution of the Company, the Bondholders will not have recourse to any specific assets of the Company and its subsidiaries and/or associated companies (if any) as security for outstanding payment or other obligations under the Convertible Bonds owed to the Bondholders and there can be no assurance that there would be sufficient value in the assets of the Company, after meeting all claims ranking ahead of the Convertible Bonds, to discharge all outstanding payment and other obligations under the Convertible Bonds owed to the Bondholders.

Shareholders will suffer dilution of their ownership interest if they do not or are unable to accept their Nil-Paid Rights, or do not exercise their Conversion Right if other Bondholders do, and may also suffer economic dilution and may not receive interest if they do not or are unable to subscribe for the Convertible Bonds

If any Shareholder does not, or is unable to, accept his Nil-Paid Rights, his proportionate voting and ownership interest will be reduced upon the issue of the Conversion Shares. The percentage that such Shareholder's Shares represent of the Company's enlarged share capital after the issue of the Conversion Shares will also be diluted. The magnitude of the reduction of a Shareholder's percentage ownership will depend upon the number of Convertible Bonds ultimately converted into Conversion Shares. Furthermore, if any Shareholder does not accept his Nil-Paid Rights, he will not be entitled to receive interest on the Convertible Bonds and will not be granted any right to receive Conversion Shares. Even if a Shareholder sells his Nil-Paid Rights or his Nil-Paid Rights are sold on his behalf, any consideration he receives may not be sufficient to compensate him fully for the dilution of his interest in the Company as a result of the Rights Issue.

In particular, Foreign Shareholders will not be eligible to participate in the Rights Issue. The Company may, at its absolute discretion and if it is practicable to do so, arrange for the Nil-Paid Rights which would otherwise have been allotted to such Foreign Shareholders to be sold on SGX-ST as soon as practicable after dealings in the Nil-Paid Rights commence. However, there is no guarantee that such sale will be successful and even if successful, the proceeds of any such sale may not be sufficient to compensate a Foreign Shareholder fully for the dilution of his interest in the Company as a result of the Rights Issue.

Additionally, the Company may seek to raise additional funding after the Rights Issue, which may be by way of a further rights offering or through the issuance and placement of new Shares. In the event that a Bondholder is not a Shareholder at the time of such fundraising, he may be unable to participate in such fundraising and thereafter, if there is no adjustment to the Conversion Price in accordance with the Terms and Conditions, the percentage of such Bondholder's interest in the Company upon the exercise of his Conversion Right may also be diluted.

The Company may be unable to redeem the Convertible Bonds in certain circumstances

The Company may be unable to redeem all or a portion of the Convertible Bonds in certain circumstances, including (i) on the Maturity Date of the Convertible Bonds, (ii) a Change of Control Event (as defined in the Terms and Conditions) or (iii) a Delisting or Suspension (each as defined in the Terms and Conditions) of the Shares. If such an event were to occur, the Company may not have sufficient cash reserves and may not be able to arrange financing to redeem the Convertible Bonds in the specified timeframe, or on acceptable terms, or at all. The ability of the Company to redeem the Convertible Bonds in such event may also be limited by the terms of other debt instruments. Failure by the Company to repay, repurchase or redeem tendered Convertible Bonds would constitute an event of default under the Convertible Bonds, which may also constitute a default under the terms of other indebtedness of the Company. The Company has, and may in the future have, credit agreements or other agreements relating to its indebtedness that contain provisions that provide that a change in control constitutes an event of default or accelerates its payment obligations under that agreement. If such an event were to occur, no assurance can be given that the Company will have sufficient funds to or be able to raise sufficient financing to meet its payment obligations under those agreements.

Bondholders will have no rights as Shareholders until they are issued Conversion Shares upon the conversion of the Convertible Bonds

Subject to the Terms and Conditions, Bondholders have the right to convert their Convertible Bonds into Conversion Shares. Unless and until the Bondholders are issued Conversion Shares upon conversion of the Convertible Bonds, the Bondholders will have no rights as Shareholders (including voting rights and rights to receive dividends or distributions) with respect to the Conversion Shares. For example, should the Company seek approval from Shareholders for a potential merger, or if an amendment is proposed to the Constitution which may require Shareholders' approval, the Bondholders will not be entitled to vote on the merger or amendment. Bondholders who are issued the Conversion Shares upon the exercise of their Conversion Rights will be entitled to exercise rights as Shareholders only as to actions for which the applicable record date occurs on or after the registration date in respect of the Conversion Shares, subject to the Terms and Conditions.

Singapore taxation risk

The Convertible Bonds are intended to be "qualifying debt securities" for the purposes of the ITA, subject to the fulfilment of certain conditions more particularly described in the section titled "Taxation" of the OIS. However, there is no assurance that the Convertible Bonds will continue to enjoy the tax concessions in connection therewith should the relevant tax laws be amended or revoked at any time. Investors and Bondholders should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding, conversion and disposal of the Convertible Bonds and Conversion Shares.

The Trustee may request that the Bondholders provide an indemnity, security and/or pre-funding to its satisfaction

In certain circumstances (including the giving of a notice to the Company or taking action pursuant to the Terms and Conditions), the Trustee may, at its discretion, request the Bondholders to provide an indemnity, security and/or pre-funding to its satisfaction before it takes actions on behalf of Bondholders. The Trustee shall not be obliged to take any such actions if not first indemnified, secured and/or pre-funded to its satisfaction. Negotiating and agreeing to any indemnity, security and/or pre-funding can be a lengthy process and may impact on when such actions can be taken, or at all. The Trustee may not be able to take actions notwithstanding the provision of an indemnity, security and/or pre-funding to it, in breach of the terms of the Trust Deed and in circumstances where there is uncertainty or dispute as to the applicable laws or regulations and, to the extent permitted by the agreements and the applicable law, it will be for the Bondholders to take such actions directly.

MARKET AND CREDIT RISKS

The market value of the Convertible Bonds and the Shares may be subject to fluctuation

The trading prices of the Convertible Bonds and the Shares may be subject to fluctuation in response to numerous factors, including (i) the market for similar securities, (ii) the periodic operating results and financial condition of the Group, (iii) (in the case of the Convertible Bonds) the trading price of the Shares and (iv) political, economic, financial and any other factors that can affect capital market conditions, the Group and the industries in which the Group operates. Adverse economic developments in Singapore as well as countries in which the Group operates or has business dealings could have a material adverse effect on the business, results of operations, financial position and prospects of the Group and the market value of the Convertible Bonds and the Shares. As a result of any of the above, the market price of the Convertible Bonds may fall below the Issue Price and/or the market price of the Shares may fall below the Conversion Price.

The Rights Issue may cause the price of the Shares to decrease and the Issue Price and the Conversion Price are not an indication of any underlying value of the Shares

The initial Conversion Price of S\$0.25 represents: (a) a discount of approximately 5.7% to the closing price of S\$0.265 per Share quoted on SGX-ST on 14 May 2020, being the last Market Day on which trades were done in the Shares prior to the 14 May Announcement; and (b) the closing price of the Shares on SGX-ST on the Latest Practicable Date. The discount of the Conversion Price may result in an immediate decrease in the market value of the Shares, and any such decrease in market value may continue after the completion of the Rights Issue. In addition, the Issue Price and the Conversion Price do not bear a direct relationship to the book value of the Group's assets, past operations, cash flows, earnings, financial condition or other established criteria for value. Hence, the Issue Price or the Conversion Price should not be taken as an indication of any underlying value of the Shares.

An investment in the Convertible Bonds is subject to interest rate risk

Bondholders may suffer unforeseen losses (both realised and unrealised) due to fluctuations in interest rates. The Convertible Bonds are a form of fixed interest security and may therefore see their price fluctuate due to fluctuations in interest rates. Generally, a rise in interest rates may cause a fall in the price of the Convertible Bonds. The market value of the Convertible Bonds may be similarly affected which may result in a capital loss for Bondholders. Conversely, when interest rates fall, the prices of the Convertible Bonds and the prices at which the Convertible Bonds trade may rise. Bondholders may enjoy a capital gain but interest received may be reinvested at lower prevailing interest rates.

LIQUIDITY RISKS

The Convertible Bonds may not be listed on SGX-ST

SGX-ST has granted its approval in-principle for the listing and quotation of the Convertible Bonds and the Conversion Shares on the Main Board of SGX-ST, subject to certain conditions, including there being a sufficient spread of holdings of the Convertible Bonds to provide for an orderly market in the Convertible Bonds. There is no assurance that the Convertible Bonds will, upon issue, be listed and quoted on the Main Board of SGX-ST.

In the event that permission is not granted by SGX-ST for the listing and quotation of the Convertible Bonds on the Main Board of SGX-ST due to an insufficient spread of holdings of the Convertible Bonds to provide for an orderly market in the trading of the Convertible Bonds, the Company shall nevertheless proceed with and complete the Rights Issue, and will use all best endeavours promptly to obtain and maintain a listing for all the Convertible Bonds on an Alternative Stock Exchange. In the event that the Company is unable to obtain a listing for the Convertible Bonds on SGX-ST or an Alternative Stock Exchange despite its best endeavours, while the Convertible Bonds may be traded over-the-counter on the Debt Securities Clearing and Settlement System, Bondholders will not be able to trade their Convertible Bonds on SGX-ST or an Alternative Stock Exchange. The approval in-principle granted by SGX-ST is not to be taken as an indication of the merits of the Rights Issue, the Convertible Bonds, the Conversion Shares, the Company and/or its subsidiaries.

There is no prior market for the Convertible Bonds nor any assurance that one will develop to provide liquidity for the Convertible Bonds

The Convertible Bonds are a new issue of securities for which there is currently no trading market. No assurance can be given that an active trading market for the Convertible Bonds will develop or, if a market does develop, as to the liquidity or sustainability of any such market and the ability of Bondholders to sell their Convertible Bonds or the price at which Bondholders will be able to sell their Convertible Bonds. If an active market for the Convertible Bonds fails to develop or is not sustained, the trading price for the Convertible Bonds could fall below the Issue Price of the Convertible Bonds. Even if an active trading market for the Convertible Bonds were to develop, the Convertible Bonds could trade at prices that may be lower than the Issue Price.

OTHER PERTINENT RISKS

Modifications and waivers

The Trust Deed contains provisions for calling meetings of Bondholders to consider matters affecting their interest generally, including the modification to the Terms and Conditions or any provision of the Trust Deed. These provisions permit defined majorities to bind all Bondholders, including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority. The Trust Deed also provides that the Trustee may, without the consent or sanction of Bondholders, concur with the Company in making any modification to the Trust Deed, the Agency Agreement or the Convertible Bonds which, subject to the Terms and Conditions, in the opinion of the Trustee, may be expedient to make, provided that the Trustee is of the opinion that such modification will not be materially prejudicial to the interests of the Bondholders or which in the opinion of the Trustee is of a formal, minor or technical nature or to correct a manifest error or an error which is, in the opinion of the Trustee, proven, or to comply with mandatory provisions of Singapore or is required by CDP.

DEFINITIONS

Bondholder	: A person in whose name a Convertible Bond is registered, except that where the registered holder is CDP, the term “ Bondholder ” shall, in relation to such Convertible Bond, mean each person who is for the time being shown in the records of CDP as the holder of a particular principal amount of such Convertible Bonds
CDP	: The Central Depository (Pte) Limited
Controlling Shareholder	: A person who: (a) holds directly or indirectly 15% or more of the total voting rights in the Company, unless SGX-ST determines otherwise; or (b) in fact exercises control over the Company
Conversion Right	: The right of a Bondholder to convert his Convertible Bonds into Conversion Shares, credited as fully paid, in accordance with the Terms and Conditions
EPS	: Earnings per Share
FY	: The financial year ended or ending 31 December
Group	: The Company and its subsidiaries
Irrevocable Undertakings	: The irrevocable undertakings provided by Ho KwonPing and Qatar Holding LLC, each dated 14 May 2020
Issue Size	: S\$50,402,608 in aggregate principal amount of Convertible Bonds
Latest Practicable Date	: 2 July 2020
NAV	: Net asset value
SGX-ST	: Singapore Exchange Securities Trading Limited
Shareholders	: Registered holders of Shares in the register of members of the Company, except that where the registered holder is CDP, the term “ Shareholders ” shall, in relation to such Shares and where the context so admits, mean the Depositors whose Securities Accounts are credited with those Shares
Shares	: Ordinary shares in the capital of the Company
Terms and Conditions	: The terms and conditions of the Convertible Bonds to be set out in the Trust Deed, the text of which (subject to completion and amendment) is set out in Appendix A titled “Terms and Conditions of the Convertible Bonds” of the OIS, and any reference to a particularly numbered Condition shall be construed accordingly

CONTACT INFORMATION

If you have questions, please contact Maybank Kim Eng Securities Pte. Ltd. at 50 North Canal Road, #03-01, Singapore 059304 (Tel: +65 6432 1888), from 9.00 a.m. to 5.00 p.m. from Monday to Friday.